EVRAZ Q4 and FY 2017 PRODUCTION REPORT

18 January 2018 — EVRAZ plc (LSE: EVR; "EVRAZ" or the "Group") today released its operational results for the fourth quarter and full year of 2017.

Q4 2017 vs Q3 2017 OPERATIONAL HIGHLIGHTS:

- In Q4 2017, EVRAZ' consolidated crude steel output remained stable QoQ at 3.5 million tonnes.
- Consolidated output of steel products, net of re-rolled volumes, rose by 5.7% QoQ to 3.3 million tonnes, mainly due to higher steel product output at EVRAZ ZSMK's mill amid planned capital repairs of blast furnace no. 2 in June and July.
- Higher volumes of semi-finished products led to increased steel product output at the Russian steel mills, net of re-rolled volumes. Meanwhile, output of construction products fell, reflecting the seasonal slowdown in demand for construction products in Russia and the impact of changes to the sales mix.
- Railway product output grew, driven by the completion of repairs at EVRAZ ZSMK's rail mill in Q3 2017, which had impacted production volumes in that period.
- In North America, output of crude steel and steel products were almost unchanged from Q3 2017.
- In Q4 2017, output of raw coking coal decreased, primarily due to scheduled longwall repositioning at the Alardinskaya and Uskovskaya mines. Output of coking coal concentrate climbed by 7.8% QoQ (inventories were used in production) due to greater market demand, better washing plants performance and debottlenecking of logistics capacities.

FY 2017 vs FY 2016 HIGHLIGHTS:

- In 2017, consolidated crude steel production and steel product output, net of re-rolled volumes, increased by 3.8% and 3.2%, respectively. This was mainly attributable to improved market demand in North America and higher crude steel production at EVRAZ ZSMK following the completion of planned capital repairs at its blast furnaces in 2016.
- Output of steel products, net of re-rolled volumes, at the Russian steel mills reflected higher volumes of semi-finished products, while output of construction products fell in line with the change in the sales mix.
- Railway product output at EVRAZ NTMK rose amid improved market conditions and higher production of railway products in North America after Class I railroads finished destocking.
- Greater production of flat-rolled products was triggered by higher production volumes at EVRAZ Palini e Bertoli. It was accompanied by higher output in North America due to improved demand, primarily from the wind tower and energy segments.
- In North America, output of tubular products (oil country tubular goods, or OCTG, and small-diameter line pipe) improved thanks to the strong market recovery.
- Production of coking coal concentrate grew by 6.2% YoY. This was driven by higher annual output at the Raspadskaya mines and Mezhegeyugol in 2017.

STEEL

Product, '000 tonnes	Q4 2017	Q3 2017	Q4 2017 / Q3 2017, change	2017	2016	2017 / 2016, change
Coke (saleable)	220	232	-5.0%	741	903	-17.9%
Pig iron	2,805	2,827	-0.8%	11,320	11,314	0.1%
Pig iron (saleable)	55	76	-28.3%	370	407	-9.0%
Crude steel	3,546	3,496	1.4%	14,033	13,513	3.8%
Steel products, gross*	3,484	3,354	3.9%	13,566	13,081	3.7%
Steel products, net of re-rolled volumes	3,306	3,127	5.7%	12,676	12,288	3.2%
Semi-finished products**	1,613	1,196	34.9%	5,340	5,192	2.8%
Finished products	1,692	1,931	-12.4%	7,336	7,096	3.4%
Construction products	735	1,028	-28.6%	3,609	3,942	-8.4%
Railway products	411	374	10.0%	1,613	1,491	8.2%
Flat-rolled products***	198	197	0.5%	793	581	36.5%
Tubular products	195	182	6.8%	703	503	39.7%
Other steel products	154	150	2.7%	618	578	6.9%

Note. Numbers in this table and the tables below may not add to totals due to rounding.

** Gross volume of steel products in the tables includes those re-rolled at other EVRAZ mills. However, such volumes are eliminated as inter-company sales for the purposes of EVRAZ' consolidated operating results.*

*** Consolidated production volumes of semi-finished products are preliminary, as intra-group re-rolling volumes are yet to be finalised.*

**** Includes production volumes of EVRAZ Palini e Bertoli (250 thousand tonnes in 2017 and 68 thousand tonnes in 2016).*

EVRAZ

RUSSIA and KAZAKHSTAN

Product, '000 tonnes	Q4 2017	Q3 2017	Q4 2017 / Q3 2017, change	2017	2016	2017 / 2016, change
Coke (saleable)	116	113	2.3%	373	377	-1.1%
Pig iron	2,554	2,547	0.3%	10,301	10,246	0.5%
Pig iron (saleable)	35	34	0.3%	196	319	-38.8%
Crude steel	2,842	2,783	2.1%	11,367	11,100	2.4%
Steel products, gross	2,711	2,605	4.0%	10,681	10,541	1.3%
Steel products, net of re-rolled volumes	2,666	2,551	4.5%	10,478	10,293	1.8%
Semi-finished products	1,571	1,234	27.2%	5,519	5,183	6.5%
Finished products	1,095	1,316	-16.8%	4,959	5,109	-3.0%
Construction products	625	897	-30.3%	3,139	3,407	-7.9%
Railway products	326	285	14.4%	1,251	1,166	7.3%
Other steel products	144	135	7.2%	569	537	6.0%

In Q4 2017, output of steel products (net of re-rolled volumes) increased by 4.5% QoQ, mostly due to higher volumes of semi-finished products, offsetting the decrease in construction product volumes. In FY 2017, production of steel products edged up by a slight 1.8% YoY.

Production of construction products fell by 30.3% QoQ, while volumes of semi-finished products rose by 27.2% QoQ, reflecting softer demand for construction products as Russia's construction industry enters its slow season and the impact of changes to the sales mix. In FY 2017, construction product volumes declined amid sales mix changes.

Production of railway products grew by 14.4% QoQ due to a low-base effect, as output in Q3 2017 was impacted by capital repairs at EVRAZ ZSMK's rail mill. For the full year, railway product output climbed by 7.3% YoY due to higher demand for railcar sections, wheels and other railway products.

Average selling prices

US$/tonne (ex works)	Q4 2017	Q3 2017	2017	2016
Coke	220	173	195	98
Pig iron	285	282	265	167
Steel products				
Semi-finished products	427	364	374	254
Construction products	581	543	536	392
Railway products	661	648	643	489
Other steel products	574	506	521	381

Overall, steel selling prices in Q4 2017 followed positive global benchmark trends.

In Q1 2018, pig iron production is expected to edge down by approximately 2% QoQ, due to the shutdown of EVRAZ NTMK's blast furnace no. 6 for capital repairs and launch of blast furnace no. 7 in February 2018.

NORTH AMERICA

Product, '000 tonnes	Q4 2017*	Q3 2017	Q4 2017 / Q3 2017, change	2017	2016	2017 / 2016, change
Crude steel	447	441	1.5%	1,748	1,355	29.0%
Steel products, net of re-rolled volumes	460	466	-1.2%	1,851	1,584	16.9%
Construction products	57	58	-1.1%	243	242	0.4%
Railway products	85	89	-4.2%	362	326	11.2%
Flat-rolled products	123	137	-9.9%	543	513	5.8%
Tubular products	195	182	6.8%	703	503	39.7%

** Q4 2017 and FY 2017 production volumes are preliminary*

In Q4 2017, crude steel production increased by 1.5% QoQ as result of improved operational efficiencies at EVRAZ Regina's mill. In FY 2017, crude steel production surged 29.0% YoY on the back of improving demand.

Railway product output climbed by 11.2% YoY, driven by Class I railroads finalising destocking. In quarterly terms, volumes were down 4.2% due to fewer operating days caused by the holidays.

Production of flat-rolled products went up 5.8% YoY amid higher demand, primarily from the wind tower and energy segments. On a quarterly basis, volumes decreased by 9.9% due to a seasonal reduction in demand.

Output of tubular products rose by 39.7% YoY and 6.8% QoQ. Demand for OCTG and small-diameter line pipe staged a strong recovery during 2017. Line pipe demand, in contrast, continued to be impacted by the slow pace of project approvals.

Average selling prices

US$/tonne (ex works)	Q4 2017	Q3 2017	2017	2016
Construction products	648	645	629	513
Flat-rolled products	763	822	788	640
Tubular products	1,209	1,197	1,108	970

Prices for most steel products were up during Q4 2017 reflecting higher prevailing prices for scrap and other inputs, reduced pressure from imports, and improving demand fundamentals. Prices for flat products subsided in Q4 2017 due to decreased demand in the core market, resulting in greater non-core volume at reduced pricing.

In Q1 2018, crude steel output is expected to rise slightly QoQ. Tubular and construction products volumes are expected to grow by 5-10% QoQ, flat-rolled products are expected to increase 5-10% QoQ due to a seasonal uptick in demand, and railway product volumes are expected to grow by 2-5% QoQ.

UKRAINE

Product, '000 tonnes	Q4 2017	Q3 2017	Q4 2017 / Q3 2017, change	2017	2016	2017 / 2016, change
Coke (saleable)	104	119	-12.0%	369	526	-30.0%
Pig iron	251	280	-10.4%	1,019	1,068	-4.6%
Pig iron (saleable)	20	42	-52.0%	174	87	99.6%
Crude steel	257	273	-5.8%	918	1,057	-13.2%
Steel products	238	223	6.5%	785	889	-11.7%
Semi-finished products	176	135	30.7%	508	554	-8.4%
Finished products	62	89	-29.9%	277	335	-17.2%
Construction products	52	73	-28.5%	228	293	-22.3%
Other steel products	10	15	-36.6%	49	41	19.1%

Saleable coke volumes were down YoY mainly due to unstable work at EVRAZ DMZ' coke and by-product plant.

Pig iron output fell by 10.4% QoQ, following lower blast furnace productivity and maintenance repairs. Saleable pig iron volumes decreased, reflecting the switch to billet production amid rising prices for semi-finished products. In FY 2017, pig iron output went down 4.6% YoY in response to disruptions of coal supplies in Q1 2017 and reduced productivity of blast furnaces due to lower billet production (which had a lower margin in the product mix).

Saleable pig iron volumes surged by 99.6% YoY following changes to the sales mix caused by higher sales of pig iron, which had a higher export margin than billet (mainly in Q2 2017), as well as by capital repairs at EVRAZ DMZ' oxygen-converter plant and rolling mill no. 1.

Production of crude steel fell by 5.8% QoQ amid declining pig iron output. Output of crude steel dropped by 11.7% YoY due to capital repairs at EVRAZ DMZ and greater saleable pig iron volumes.

In Q4 2017, changes in the steel product mix reflected improved demand for semi-finished products and lower construction product sales amid softer demand. Output of steel products decreased by 11.7% YoY. Changes to the product mix of steel products since the year prior reflected lower demand for construction products and higher sales volumes of pig iron.

Average selling prices

US$/tonne (ex works)	Q4 2017	Q3 2017	2017	2016
Coke (saleable)	278	217	246	144
Pig iron	315	315	319	209
Steel products				
Semi-finished products	436	396	388	275
Construction products	546	555	516	369
Other steel products	694	611	641	522

In Q4 2017, prices for most steel products rose QoQ, following global benchmarks. Prices for construction products edged down slightly QoQ due to the change in the market mix.

In Q1 2018, crude steel production volumes are expected to be to remain flat QoQ.

IRON ORE

Product, '000 tonnes	Q4 2017	Q3 2017	Q4 2017 / Q3 2017, change	2017	2016	2017 / 2016, change
Iron ore products*	4,329	4,195	3.2%	18,042	19,907	-9.4%

** Includes production of sinter, pellets and other iron ore products.*

In FY 2017, sinter output dropped by 9.4%, primarily due to the disposal of EVRAZ Sukha Balka in June 2017.

Average selling prices

US$/tonne (ex works)	Q4 2017	Q3 2017	2017	2016
Pellets (Russia)	54	52	61	38

Prices for pellets moved in line with global benchmarks.

In Q1 2018, sinter output is expected to grow by 9% QoQ and the production of pellets to expand by 2% QoQ.

COAL

Product, '000 tonnes	Q4 2017	Q3 2017	Q4 2017 / Q3 2017, change	2017	2016	2017 / 2016, change
Raw coking coal (mined)	5,593	6,062	-7.7%	23,306	22,257	4.7%
Yuzhkuzbassugol	*2,468*	*3,236*	*-23.7%*	*10,967*	*11,182*	*-1.9%*
Raspadskaya	*2,876*	*2,602*	*10.5%*	*11,435*	*10,512*	*8.8%*
Mezhegeyugol	*249*	*224*	*11.0%*	*904*	*563*	*60.4%*
Coking coal concentrate (production)	4,112	3,814	7.8%	15,144	14,264	6.2%
Yuzhkuzbassugol's coal washing plants	*1,826*	*1,612*	*13.3%*	*6,419*	*6,221*	*3.2%*
Raspadskaya's coal washing plant	*1,741*	*1,652*	*5.4%*	*6,641*	*6,271*	*5.9%*
EVRAZ ZSMK's coal washing plant	*546*	*550*	*-0.7%*	*2,083*	*1,772*	*17.6%*

In Q4 2017, coking coal concentrate production increased by 7.8% QoQ due to greater market demand (coking coal inventories were used in production), better washing plants performance and debottlenecking of logistics capacity.

Production of raw coking coal decreased by 7.7% QoQ, primarily due to scheduled longwall repositioning at the Alardinskaya and Uskovskaya mines. This was partially offset by higher output of raw coking coal at the Raspadskaya and Raspadskaya-Koksovaya mines.

In FY 2017, raw coking coal production rose by 4.7% and coking coal concentrate production climbed by 6.2%. This was driven by higher annual output at the Raspadskaya mine, Raspadskaya-Koksovaya mine and Mezhegeyugol due to improved productivity. It was accompanied by higher coal concentrate production at EVRAZ ZSMK due to the larger share of coal concentrate produced using in-house capacity. This growth was partially offset by lower production of raw coking coal at the Razrez Raspadsky open pit due to repositioning of mining equipment to the Raspadskaya-Koksovaya mine for deficit OS (mid-vol HCC) coking coal grade production.

Average selling prices

US$/tonne (ex works)	Q4 2017	Q3 2017	2017	2016
Raw coking coal	60	50	62	38
Coking coal concentrate	113	98	117	73

Coal prices were positive in both quarterly and yearly terms, in line with global benchmarks.

In Q1 2018, raw coal production is expected to increase QoQ following the completion of scheduled longwall repositioning at Yuzhkuzbassugol's mines in Q4 2017.

VANADIUM

Product, tonnes of V*	Q4 2017	Q3 2017	Q4 2017 / Q3 2017, change	2017	2016	2017 / 2016, change
Vanadium slag, gross production (Russia)	4,372	4,916	-11.1%	18,636	16,886	10.4%
Vanadium in final products (saleable)	2,682	2,745	-2.3%	11,359	12,861	-11.7%

* *Calculated in pure vanadium equivalent*

Vanadium slag production declined by 11.1% QoQ, reverting to the stable production volumes of 2016. In Q3 2017 as well as in Q2 2017 and Q1 2017 EVRAZ NTMK processed vanadium scrap which was accumulated over time and piled up as work in progress. Apart from that in Q4 2017 EVRAZ NTMK produced slightly less pig iron, which in turn caused some decrease in vanadium slag production. The latter was caused by planned capital repairs of blast furnace no. 5, and unstable operations of blast furnace no. 6 in October 2017, In FY 2017, vanadium slag output went up 10.4% YoY amid one-off processing of accumulated vanadium scrap and higher pig iron output.

In Q4 2017, output of saleable vanadium products went down 2.3% QoQ, primarily because of lower ferrovanadium conversion at 3rd parties, albeit the latter was partially compensated by higher production of oxides at EVRAZ Stratcor. Annual output of saleable vanadium products fell by 11.7% YoY due to lower nitrovan production as result of the disposal of EVRAZ Vametco in April 2017 as well as reduced vanadium aluminium production at EVRAZ Stratcor. This decrease was partially offset by a YoY upswing in ferrovanadium output.

Average FeV indices

US$/kgV	Q4 2017	Q3 2017	2017	2016
Metal Bulletin Ferro-Vanadium basis 78% min, free DDP, consumer plant, 1st grade Western Europe	39.28	39.06	32.66	18.46
Ryan's Notes N.A. FeV 80% min, US ex-warehouse, duty paid	42.72	38.89	33.99	20.48

In Q4 2017, the Metal Bulletin FeV80 index averaged US$39.28/kgV, almost flat QoQ. Meanwhile, the Ryan’s Notes index, which is used in North America, averaged US$42.72/kgV in Q4 2017, up 10% from US$38.89/kgV in the previous quarter. In 2017, the averages for the Metal Bulletin FeV80 and the Ryan’s Notes indexes jumped by 77% and 66% YoY, respectively. Sale prices for vanadium products followed market trends.

Notes:
Semi-finished products include slabs, billets, pipe blanks and other semi-finished products.
Construction products include beams, channels, angles, rebars, wire rods, wire, and other construction products.
Railway products include rails, wheels, tyres and other railway products.
Flat-rolled products include commodity plate, specialty plate and other flat products.
Tubular products include large-diameter line pipes, ERW pipes and casings, seamless pipes and other tubular products.
Other steel products include rounds, grinding balls, mine uprights, strips, etc. They also include railway products for Ukraine.

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